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FISCAL IMPACT STATEMENT

LS 6955

BILL NUMBER: HB 1142

NOTE PREPARED: Jan 23, 2006

BILL AMENDED:

SUBJECT: Skills 2016 Training Fund.

FIRST AUTHOR: Rep. Leonard

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill permits an employer that employs fewer than 20 full-time employees to opt out of the Skills 2016 Training Program, including payment of the program's assessments. It provides that an employer that opts out of the program is not eligible to receive a program grant.

Effective Date: Upon passage.

Explanation of State Expenditures: See *Explanation of State Revenues*.

Explanation of State Revenues: The bill would reduce the revenue into the Skills 2016 Training Fund. For FY 2005 the fund received \$17,497,100 from the 0.09% assessment on the previous year's unemployment insurance taxable wages. The bill would exempt employers with fewer than 20 full-time employees from the assessment. For the first quarter of CY 2005, the number of employers reporting with fewer than 20 employees made up about 84.3% of the units reporting and about 22.7% of the total collection. The reduction in revenue is estimated to be about \$2.3 M annually. However, employers and the state could also have a reduction in administrative cost because of the change in the reporting requirements. The employer would be ineligible for grants from the fund.

Background Information: The balance in the Skills 2016 Training Fund as of June 30, 2005, was approximately \$42.6 M. The Fund had expenditures of about \$9.5 M in FY 2004 and \$7.8 M in FY 2005.

The statutory purpose for the Skills 2016 Training Program is the following: (1) to improve manufacturing productivity levels in Indiana; (2) to enable firms to become competitive by making workers more productive

through training; (3) to create a competitive economy by creating and retaining jobs; (4) to encourage the increased training necessary because of an aging workforce; and (5) to avoid potential payment of unemployment compensation by providing workers with enhanced job skills.

Explanation of Local Expenditures: The impact on small local units would be as an employer. (See *Explanation of State Revenues*.)

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development; Indiana Economic Development Corporation.

Local Agencies Affected: All.

Information Sources: Department of Workforce Development.

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